

**REMARKS**

Applicants presented new claims 24-35 in their response dated January 23, 2006. Claims 14-18 and 24-35 are currently pending in this application. The Examiner's Detailed Action requested a discussion of how new claims 24-35 differentiate over the prior art of record.

Applicants' newly added claims are different than the prior art of record in at least two ways. First, Applicants' newly added claims allow a merchant to accept a customer's payment information at a merchant hosting entity that has its own permanent payment processing account so that merchants do not need their own permanent payment processing accounts. This is different than the payment processing system in the prior art of record. The cited references teach providing payment processing services to a merchant. Applicants' claims does not require that a merchant hosting entity perform payment processing. Instead, the merchant hosting entity provides a permanent account for the merchant for subsequent payment processing activities.

Second, Applicants' newly added claims disclose that the merchant hosting entity communicates with a payment gateway entity. Information communicated to the payment gateway entity is used to validate that the merchant is authorized to conduct transactions via the merchant hosting entity. This is not authentication of the merchant for payment; instead, Applicants' payment gateway entity confirms that the merchant hosting entity is authorized to act on behalf of the merchant. Any payment processing is actually performed by a financial processing authority which receives data communicated by the payment gateway entity. Thus, neither the merchant hosting entity nor the payment gateway entity perform payment processing.

The prior art of record does not teach that the merchant hosting entity communicates with a payment gateway entity. Cook teaches a secure data center 102 which includes a central key


server 105 for use in authenticating consumers and merchants. (Cook, col. 4, lines 57-64). This is authentication of the merchant for payment, a function not performed by the merchant hosting entity or the payment gateway entity of Applicants' claims.

### **CONCLUSION**

In accordance with the description above, Applicants respectfully submit that all current claims are ready for allowance. If, in the opinion of the Examiner, a telephone conference would expedite the prosecution of the subject application, the Examiner is invited to call the undersigned attorney at (213) 896-6897.

Respectfully submitted,

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